

## SUPPORT FOR EDUCATION REFORM, STAGE II

(GU-0131)

### EXECUTIVE SUMMARY

<b>Borrower:</b>	Republic of Guatemala	
<b>Executing agency:</b>	Ministry of Education (MINEDUC)	
<b>Amount and source:</b>	IDB (OC/IFF):	US\$22.00 million
	Local counterpart:	US\$ 2.54 million
	Total:	US\$24.54 million
<b>Terms and conditions:</b>	Amortization period:	30 years
	Grace period:	4 years
	Commitment period:	3 years
	Disbursement period:	4 years
	Interest rate:	variable
	Inspection and supervision:	1% of the loan amount
	Credit fee:	0.75% annually on the undisbursed balance
	Currency:	United States dollars from the Single Currency Facility
<b>Objectives:</b>	<p>The objective of the project is to improve the delivery of education services and expand capacity to respond to demand for such services. To achieve it, the loan will support key activities in education reform, strengthening institutional capacity to deliver education services and improving the coverage and quality of education. In accordance with the strategy outlined in stage I of the loan, (approved in November 1997), the present loan is the second of three operations, whose main objective is to make preschool and primary education (grades 1 to 9) accessible to everyone in Guatemala.</p>	
<b>Description:</b>	<p>The loan contains three components: (i) modernizing the administration of education to support deconcentration and decentralization of school management at the departmental and municipal levels, through training for local MINEDUC staff, financing of investments to be made by local bodies and providing additional funding for the innovations in education begun under stage I of the reform; (ii) support for primary education in nine of the country's 22 departments, which will improve the quality of education and increase coverage for six-year-olds from 29% in preschool in</p>	

1999 to 35% in the new first year in 2003 and to 40% in 2004 through in-service training for 15,600 teachers and the supply of classroom materials; and (iii) higher quality multicultural bilingual education in the same nine departments through training for 4,400 bilingual teachers.

**Relationship of the project to the Bank's country and sector strategy:**

The Bank's strategy for education in Guatemala rests on four pillars; (i) education reform and strengthening of management capacity to allow for higher investments in the sector under medium- and long- term planning; (ii) specific programs to improve the quality of education services; (iii) approval of new loans subject to increased investment capacity; and (iv) close coordination with other international financial institutions. SER II is justified because it will: (i) continue to support the process of education reform; (ii) modernize MINEDUC's education management capacity; (iii) provide continuity for actions to improve the quality of education supported under SER I; and (iv) support the Bank's strategy in the education sector.

**Environmental and social review:**

SER II includes activities to support intercultural and multicultural education for all students and intercultural bilingual education for indigenous students. Gender issues will be incorporated into teacher training and in textbooks. Through curriculum reform, MINEDUC is adding environmental education as a core element to all subjects in the course of study. Also, with support from USAID, the Bank and other international financial institutions, the primary school curriculum and classroom materials will introduce concepts to promote environmental appreciation, taking a multidisciplinary approach. These aspects were included in the textbooks financed under SER I.

**Benefits:**

By modernizing the administration of education, MINEDUC's capacity to design and implement investments will be improved, leading to broader coverage and better quality of education in Guatemala. Other project benefits include: (i) support for the Peace Agreements; (ii) greater internal efficiency in primary schools, particularly in the early grades, as a result of better coverage and quality in education for reading and writing readiness; and (iii) greater equity in the provision of education services for the most vulnerable groups.

**Risks:**

**Demand for teacher training services.** Over three years, SER II will train 20,000 teachers. This professional development is a key element for introducing the new curriculum. On the demand side, some teachers have not always expressed interest in in-service training in the past. To ensure high demand for professional development, it must be accompanied with useful classroom materials. An incentive of this kind was able to keep a large number of teachers in teacher training courses financed by USAID in the department of Quiché. Also,

university credits for teacher training and the monetary incentives MINEDUC plans to offer should ensure that demand for the courses will be adequate.

**Special contractual clauses:**

**1. Conditions precedent to the first disbursement:**

- a. Establishment of a project coordination unit for SER II - PCU II (see paragraph 3.5).
- b. Evidence that the operations manual for SER II agreed previously upon with the Bank has been implemented (see paragraph 3.8).

**2. Other conditions:**

The loan contract will also include a condition on the presentation of annual operating plans (paragraph 3.18) and the Bank's standard conditions which include auditing (paragraph 3.26), reports (paragraph 3.24), supervision (paragraph 3.25), evaluations (paragraphs 3.27 and 3.28), execution, maintenance, inspections, consulting contracts and procurement.

**Poverty-targeting and social sector classification:**

This operation qualifies as a social equity enhancing project, as described in the key objectives for Bank activities set forth in the Report on the Eighth General Increase in Resources (document AB-1704). The operation also qualifies as a poverty-targeted investment (PTI) (see paragraph 4.10). The borrowing country will be using the 10 percentage points in additional financing (see paragraph 2.26).

**Exceptions to Bank policy:**

See the following paragraph on procurement.

**Procurement:**

The procurement of goods and related services and the awarding contracts for consulting services for the project will be carried out in accordance with the Bank's standard procedures, except for the classroom facilitator services to be hired under the CENACEP subcomponent (see paragraph 3.21). Given the nature of the services provided and the shortage of qualified candidates in rural areas where the CENACEP is being carried out, they will be hired following procedures already agreed upon with the Bank for SER I, as outlined in the Operations Manual. International competitive bidding will be required for the procurement of goods and related services over US\$250,000 and consulting services over US\$200,000. No works will be financed under this project (see paragraphs 3.20 to 3.22).